

OGC REVIEW COMPLETED

General Counsel

Acting Comptroller

Obligations Pertaining to Intra-Governmental Procurement Orders or Requisitions and Payments from Lapsed Appropriations.

1. Since the inception of CIA it has been the practice, when placing orders for supplies and materials with other U.S. Government agencies, to obligate the appropriation of the fiscal year in which the order was placed, notwithstanding the fact that the supplying agency may not place a corresponding order or contract with a private supplier and/or make delivery from its own stocks, until a subsequent fiscal year. The Bureau of the Budget and the General Accounting Office have evinced considerable interest recently in the financial control, recording, and reporting of obligations established as a result of intra-agency orders. In a letter to the Secretary of Defense, 7 April 1953 (Comp. Gen. B-114578) the Comptroller General advised that a study of the subject had ". revealed serious deficiencies in the various bases used to obligate funds for material to be furnished from stocks of the various military departments". In this opinion the Comptroller General establishes certain criteria for application in connection with intra-governmental procurement orders or requisitions.

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2. In addition to the above there is a related but separate problem involving the practice of obligating funds in one fiscal year for materials to be delivered in subsequent fiscal years which may occasionally result in the receipt of bills for these materials after the obligated appropriation has lapsed. In such instances the ordinary governmental procedure is to transmit the bills to the GAO for direct settlement. Submission of the bill to GAO may be an unwarranted security risk because of the classified security information contained in the contracts and billings and the wide distribution given such claims within GAO to personnel not normally engaged in handling classified information. In cases where the amount remaining in the lapsed appropriation is sufficient to pay the bill, such bills are settled by the GAO. This office is currently considering the merits of a possible solution to this problem by establishing a "reserve" fund in the Agency prior to the time a particular appropriation lapses

from which to pay bills submitted after the appropriation has lapsed. This reserve fund would be established in an amount equal to estimated unliquidated obligations against the appropriation. We would appreciate your opinion on the legal aspects of this proposal and any other possible solutions which may occur to you.

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